CHICAGO AND NORTH WESTERN RAILWAY COMPANY

CHARLES M. THOMSON, TRUSTEE

BALANCE SHEET — DECEMBER 31, 1942

ASSETS	Prior	Current	Total
INVESTMENTS:			
(701) Road and equipment property	$544,598,212.32	Cr. $ 12,542,828.62	$532,055,383.70
(702) Improvements on leased property	376,868.91	Cr. 45,337.45	331,531.46
(704) Deposits in lieu of mortgaged property sold	—	145,600.29	145,600.29
(704½) Maintenance funds	—	550,000.00	550,000.00
(705) Miscellaneous physical property	13,513,931.88	440,652.92	13,954,584.80
(706) Investment in affiliated companies—			
Stocks	27,244,538.67	60,000.00	27,304,538.67
Bonds	46,245,249.24	—	46,245,249.24
Advances	634,791.59	389,037.84	1,023,829.43
(707) Other investments—			
Stocks	3,910,575.93	220.00	3,910,795.93
Bonds	151,770.00	—	151,770.00
Miscellaneous	—	12,018.77	12,018.77
	$636,675,938.54	Cr. $ 10,990,636.25	$625,685,302.29
CURRENT ASSETS:			
(708) Cash	$ —	$ 40,227,076.59	$ 40,227,076.59
(709) Temporary cash investments	—	17,226,181.25	17,226,181.25
(711) Special deposits	$ 4,000.00	6,982,251.12	6,986,251.12
(712) Loans and bills receivable	—	1,000.00	1,000.00
(714) Net balance receivable from agents and conductors	—	3,109,686.94	3,109,686.94
(715) Miscellaneous accounts receivable	2,307.72	7,233,250.84	7,235,558.56
(716) Material and supplies	—	9,664,241.45	9,664,241.45
(717) Interest and dividends receivable	—	60,247.84	60,247.84
(719) Other current assets	Cr. 88.35	289,923.82	289,835.47
	$ 6,219.37	$ 84,793,859.85	$ 84,800,079.22
DEFERRED ASSETS:			
(720) Working fund advances	—	$ 27,367.07	$ 27,367.07
(722) Current account—assets—June 30, 1935, collected (See contra)	$ 33,513,452.90	—	—
(722) Prior account—liabilities—June 30, 1935, paid (See contra)	—	76,205,533.93	—
(722) Other deferred assets	9,839,054.04	923,219.18	10,762,273.22
	$ 43,352,506.94	$ 77,156,120.18	$ 10,789,640.29
UNADJUSTED DEBITS:			
(723) Rents and insurance premiums paid in advance	—	$ 75,318.56	$ 75,318.56
(727) Other unadjusted debits	47,596.27	2,076,549.62	2,124,145.89
	$ 47,596.27	$ 2,151,868.18	$ 2,199,464.45

Par Value of Holdings	
(728) Securities issued or assumed by respondent—Unpledged	$ 9,106,000.00
(729) Securities issued or assumed by respondent—Pledged	83,542,000.00
	$92,648,000.00

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

CHARLES M. THOMSON, TRUSTEE

BALANCE SHEET — DECEMBER 31, 1942

LIABILITIES		Prior	Current	Total
STOCK:				
(751) Capital stock		$180,835,300.00	—	$180,835,300.00
Scrip		4,545.25	—	4,545.25
(753) Premium on capital stock		29,657.75	—	29,657.75
		$180,869,503.00	—	$180,869,503.00
GOVERNMENTAL GRANTS:				
(754) Grants in aid of construction		$ 463,116.49	$ 2,510,833.79	$ 2,973,950.28
LONG TERM DEBT:				
(755) Funded debt unmatured	$373,391,000.00			
Less respondent's holdings	92,596,000.00	$280,795,000.00	—	$280,795,000.00
(755½) Long term debt in default		$ 71,714,251.67	—	$ 71,714,251.67
(756) Receivers' and Trustees' securities	$ 19,642,000.00			
Less respondent's holdings	52,000.00	$ 1,598,000.00	$ 17,992,000.00	$ 19,590,000.00
CURRENT LIABILITIES:				
(759) Traffic and car service balances—Cr.		$ 14.54	$ 6,835,139.13	$ 6,835,153.67
(760) Audited accounts and wages payable		3,344.43	5,441,812.69	5,445,157.12
(761) Miscellaneous accounts payable		86.51	185,538.30	185,624.81
(762) Interest matured unpaid		15,841.25	66,191.50	82,032.75
(763) Dividends matured unpaid		62,055.70	—	62,055.70
(764) Unmatured interest accrued		1,952,098.36	99,393.80	2,051,492.16
(767) Accrued tax liability		14,882.84	4,668,075.25	4,682,958.09
(768) Other current liabilities		5,000.00	3,231,363.49	3,236,363.49
		$ 2,053,323.63	$ 20,527,514.16	$ 22,580,837.79
DEFERRED LIABILITIES:				
(769½) Matured interest in default		$100,658,280.14	—	$100,658,280.14
(770) Current account—liabilities—June 30, 1935, paid (See contra)		76,205,533.93	—	—
(770) Prior account—assets—June 30, 1935, collected (See contra)		—	$ 33,513,452.90	—
(770) Other deferred liabilities		66,471.75	1,528,339.68	1,594,811.43
		$176,930,285.82	$ 35,041,792.58	$102,253,091.57
UNADJUSTED CREDITS:				
(772) Premium on funded debt		$ 376,213.02	$ 20,573.37	$ 396,786.39
(774) Maintenance reserves		—	547,450.00	547,450.00
(775) Accrued depreciation—Road		—	1,919,779.22	1,919,779.22
(775½) Accrued amortization of defense projects—Road		—	15,830.99	15,830.99
(776) Accrued depreciation—Equipment		62,843,454.35	12,010,471.79	74,853,926.14
(776½) Accrued amortization of defense projects—Equipment		—	569,216.58	569,216.58

	$636,675,938.54	Cr. $ 10,990,636.25	$625,685,302.29
CURRENT ASSETS:				
(708) Cash	$ —	$ 40,227,076.59	$ 40,227,076.59
(709) Temporary cash investments	—	17,226,181.25	17,226,181.25
(711) Special deposits	$ 4,000.00	6,982,251.12	6,986,251.12
(712) Loans and bills receivable	—	1,000.00	1,000.00
(714) Net balance receivable from agents and conductors	—	3,109,686.94	3,109,686.94
(715) Miscellaneous accounts receivable	2,307.72	7,233,250.84	7,235,558.56
(716) Material and supplies	—	9,664,241.45	9,664,241.45
(717) Interest and dividends receivable	—	60,247.84	60,247.84
(719) Other current assets	Cr. 88.35	289,923.82	289,835.47
	$ 6,219.37	$ 84,793,859.85	$ 84,800,079.22
DEFERRED ASSETS:			
(720) Working fund advances	—	$ 27,367.07	$ 27,367.07
(722) Current account—assets—June 30, 1935, collected (See contra)	$ 33,513,452.90	—	—
(722) Prior account—liabilities—June 30, 1935, paid (See contra)	—	76,205,533.93	—
(722) Other deferred assets	9,839,054.04	923,219.18	10,762,273.22
	$ 43,352,506.94	$ 77,156,120.18	$ 10,789,640.29
UNADJUSTED DEBITS:			
(723) Rents and insurance premiums paid in advance	—	$ 75,318.56	$ 75,318.56
(727) Other unadjusted debits	47,596.27	2,076,549.62	2,124,145.89
	$ 47,596.27	$ 2,151,868.18	$ 2,199,464.45
	Par Value of Holdings			
(728) Securities issued or assumed by respondent—Unpledged	$ 9,106,000.00			
(729) Securities issued or assumed by respondent—Pledged	83,542,000.00			
	$92,648,000.00			
	$680,082,261.12	$153,111,211.96	$723,474,486.25

NOTE: The following payments for redemption of debt and interest have been made since June 28, 1935:

	Cash Payments		By Application of Collateral Income	
	Month of Dec., 1942	Period June 28, 1935 to Dec. 31, 1942	Month of Dec., 1942	Period June 28, 1935 to Dec. 31, 1942
Redemption of debt:				
Equipment trust certificates	$180,000.00	$20,801,000.00	—	—
Bonds	—	26,500.00	—	—
R.F.C. (P.W.A. and Tie) loans	—	2,160,000.00	—	—
Railroad Credit Corporation	—	300,000.00	—	$1,120,893.00
Bank loans	—	659,199.00	—	—
	$180,000.00	$23,946,699.00	—	$1,120,893.00
Payment of interest:				
Equipment trust certificates	$ 19,507.50	$ 4,001,831.14	—	—
Bonds	32,780.25	13,741,594.00	—	—
R.F.C. (P.W.A. and Tie) loans	—	295,315.03	—	$ 1,994.52
R.F.C. (Other) loans	—	3,767,755.00	$106,400.00	3,698,600.48
Railroad Credit Corporation	—	1,751.66	—	64,942.79
Bank loans	—	395,520.00	—	625,500.00
	$ 52,287.75	$22,203,766.83	$106,400.00	$4,391,037.79
	$232,287.75	$46,150,465.83	$106,400.00	$5,511,930.79

(756)	Trustees' securities..... $ 19,642,000.00 Less respondent's holdings..... 52,000.00	$ 1,598,000.00	$ 17,992,000.00	$ 19,590,000.00
	CURRENT LIABILITIES:			
(759)	Traffic and car service balances—Cr.....	$ 14.54	$ 6,835,139.13	$ 6,835,153.67
(760)	Audited accounts and wages payable.....	3,344.43	5,441,812.69	5,445,157.12
(761)	Miscellaneous accounts payable...	86.51	185,538.30	185,624.81
(762)	Interest matured unpaid.....	15,841.25	66,191.50	82,032.75
(763)	Dividends matured unpaid.....	62,055.70	—	62,055.70
(764)	Unmatured interest accrued.....	1,952,098.36	99,393.80	2,051,492.16
(767)	Accrued tax liability.....	14,882.84	4,668,075.25	4,682,958.09
(768)	Other current liabilities.....	5,000.00	3,231,363.49	3,236,363.49
		$ 2,053,323.63	$ 20,527,514.16	$ 22,580,837.79
	DEFERRED LIABILITIES:			
(769½)	Matured interest in default.....	$100,658,280.14	—	$100,658,280.14
(770)	Current account—liabilities—June 30, 1935, paid (See contra).....	76,205,533.93	—	—
(770)	Prior account—assets—June 30, 1935, collected (See contra).....	—	$ 33,513,452.90	—
(770)	Other deferred liabilities.....	66,471.75	1,528,339.68	1,594,811.43
		$176,930,285.82	$ 35,041,792.58	$102,253,091.57
	UNADJUSTED CREDITS:			
(772)	Premium on funded debt.....	$ 376,213.02	$ 20,573.37	$ 396,786.39
(774)	Maintenance reserves.....	—	547,450.00	547,450.00
(775)	Accrued depreciation—Road.....	—	1,919,779.22	1,919,779.22
(775½)	Accrued amortization of defense projects—Road.....	—	15,830.99	15,830.99
(776)	Accrued depreciation—Equipment	62,843,454.35	12,010,471.79	74,853,926.14
(776½)	Accrued amortization of defense projects—Equipment.....	—	569,216.58	569,216.58
(778)	Other unadjusted credits.....	20,476.46	12,934,324.56	12,954,801.02
		$ 63,240,143.83	$ 28,017,646.51	$ 91,257,790.34
	CORPORATE SURPLUS:			
(779)	Additions to property through income and surplus.....	$ 3,222,501.26	Dr.$ 33,753.56	$ 3,188,747.70
(784)	Profit and loss.....	Dr. 100,803,864.58	49,055,178.48	Dr. 51,748,686.10
		Dr.$ 97,581,363.32	$ 49,021,424.92	Dr.$ 48,559,938.40
		$680,082,261.12	$153,111,211.96	$723,474,486.25

CORRECT:

(Signed) C. H. WESTBROOK,
Comptroller.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY

CHARLES M. THOMSON, TRUSTEE

INCOME ACCOUNT — MONTH OF DECEMBER, 1942

	Prior	Current	Total
I. OPERATING INCOME			
Railway operating income:			
Operating revenues—			
Freight	Dr. $ 2,494.38	$ 8,727,361.82	$ 8,724,867.44
Passenger	Dr. 39.69	2,303,607.14	2,303,567.45
Mail	—	258,625.79	258,625.79
Express	—	428,688.71	428,688.71
Miscellaneous	Dr. 19.30	479,303.97	479,284.67
Incidental	Dr. 118.72	242,770.15	242,651.43
Joint facility — Net	—	Dr. 422.74	Dr. 422.74
Total operating revenues	Dr. $ 2,672.09	$12,439,934.84	$12,437,262.75
Operating expenses—			
Maintenance of way and structures	$ 582.52	$ 1,456,631.13	$ 1,457,213.65
Maintenance of equipment	26.66	2,161,778.93	2,161,805.59
Traffic	—	180,017.63	180,017.63
Transportation	26.67	3,941,603.31	3,941,629.98
Miscellaneous	—	121,316.84	121,316.84
General	—	300,338.85	300,338.85
Total operating expenses	$ 635.85	$ 8,161,686.69	$ 8,162,322.54
NET REVENUE FROM RAILWAY OPERATIONS	Def. $ 3,307.94	$ 4,278,248.15	$ 4,274,940.21
Railway tax accruals	Cr. $ 191,014.49	$ 2,577,494.39	$ 2,386,479.90
RAILWAY OPERATING INCOME	$ 187,706.55	$ 1,700,753.76	$ 1,888,460.31
Rent income:			
Rent from locomotives	—	$ 28,472.08	$ 28,472.08
Rent from passenger-train cars	—	44,631.66	44,631.66
Rent from work equipment	—	642.27	642.27
Joint facility rent income	—	23,760.08	23,760.08
Total rent income	—	$ 97,506.09	$ 97,506.09

	Prior	Current	Total
Rents payable:			
Hire of freight cars — Debit balance	—	$ 141,865.36	$ 141,865.36
Rent for locomotives	—	8,304.91	8,304.91
Rent for passenger-train cars	—	17,372.07	17,372.07
Rent for work equipment	—	32.72	32.72
Joint facility rents	—	47,089.01	47,089.01
Total rents payable	—	$ 214,664.07	$ 214,664.07
NET RENTS	—	$ 117,157.98	$ 117,157.98
NET RAILWAY OPERATING INCOME	$ 187,706.55	$ 1,583,595.78	$ 1,771,302.33
II OTHER INCOME			
Miscellaneous rent income	—	$ 43,338.51	$ 43,338.51
Miscellaneous nonoperating physical property	—	32,280.72	32,280.72
Dividend income	—	215,950.40	215,950.40
Income from funded securities	—	17,378.08	17,378.08
Income from unfunded securities and accounts	$ 82,417.26	8,719.66	91,136.92
Release of premiums on funded debt	715.72	580.30	1,296.02
Miscellaneous income	—	440.00	440.00
Total other income	$ 83,132.98	$ 318,687.67	$ 401,820.65
Total income	$ 270,839.53	$ 1,902,283.45	$ 2,173,122.98
III MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous rents	—	$ 2,231.10	$ 2,231.10
Miscellaneous tax accruals	—	1,553.10	1,553.10
Miscellaneous income charges	—	Cr. 343.54	Cr. 343.54
Total miscellaneous deductions	—	$ 3,440.66	$ 3,440.66
IV OTHER DEDUCTIONS — None			
INCOME AVAILABLE FOR FIXED CHARGES	$ 270,839.53	$ 1,898,842.79	$ 2,169,682.32
V FIXED CHARGES			
Interest on funded debt	$1,324,169.44	$ 50,790.08	$ 1,374,959.52
Interest on unfunded debt	—	20,808.11	20,808.11
Total fixed charges	$1,324,169.44	$ 71,598.19	$ 1,395,767.63
NET INCOME	Def. $1,053,329.91	$ 1,827,244.60	$ 773,914.69

CORRECT:
(Signed) C. H. WESTBROOK,

UNITED STATES OF AMERICA,
NORTHERN DISTRICT OF ILLINOIS, } ss.
EASTERN DIVISION.

C. H. Westbrook, first upon oath being duly sworn, says that he is the chief accounting officer, to-wit, Comptroller of Chicago and North Western Railway Company, Debtor herein; that the attached and foregoing statement of assets and liabilities of the Debtor as of December 31, 1942, and the statement showing revenues and expenses of the Debtor for the month of December, 1942, are true and correct as shown by the books and accounts of said Debtor.

C. H. WESTBROOK.

Subscribed and sworn to before me this 12th day of February, 1943.

P. J. SESTERHENN,
Notary Public.
My Commission Expires May 6, 1946.

UNITED STATES OF AMERICA,
NORTHERN DISTRICT OF ILLINOIS. } ss.

I, Roy H. Johnson, Clerk of the United States District Court in and for the Northern District of Illinois, do hereby certify that the annexed and foregoing is a true and full copy of the original Statement of Assets and Liabilities of Debtor as of December 31, 1942 and Summary of Revenues and Expenses of Debtor for the Month of December, 1942 filed February 13th, 1943 In the Matter of

Chicago and North Western Railway
Company, Debtor,
No. 60448

now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Chicago this 20th day of February, A. D. 1943.

(Seal)

ROY H. JOHNSON,
Clerk.
By ARTHUR E. CLAUSSEN,
Deputy Clerk.

APPENDIX B.

IN THE DISTRICT COURT OF THE UNITED STATES
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

In Proceedings for the Reorganization of a Railroad.

In the Matter of
Chicago and North Western Railway Company,
Debtor. } No. 60448.

INCOME ACCOUNT STATEMENT SHOWING REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 1942.

TO THE CLERK OF SAID COURT:

This income account statement for the year ended December 31, 1942, is filed to supplement the monthly income account statements for that year filed pursuant to Section 7 of Order No. 1, entered herein on June 28, 1935. Said statement is certified as correct by the Chief Accounting Officer of the Debtor.

CHARLES M. THOMSON,
Trustee of the property of Chicago and North Western Railway Company.

Dated: February 20, 1943.

Filed: February 20, 1943.

CHICAGO AND NORTH WESTERN RAILWAY COMPANY
CHARLES M. THOMSON, TRUSTEE
INCOME ACCOUNT — YEAR ENDED DECEMBER 31, 1942

	Prior	Current	Total
I. OPERATING INCOME			
Railway Operating Income:			
Operating Revenues—			
Freight	Dr. $ 15,634.75	$105,613,319.19	$105,597,684.44
Passenger	Dr. 7.74	20,382,910.53	20,382,902.79
Mail	—	2,611,318.79	2,611,318.79
Express	—	3,161,999.15	3,161,999.15
Miscellaneous	Dr. 40.30	4,543,697.67	4,543,657.37
Incidental	Dr. 1,861.47	3,599,823.15	3,597,961.68
Joint Facility — net	—	Dr. 1,500,504.86	Dr. 1,500,504.86
Total Operating Revenues	Dr. $ 17,544.26	$138,412,563.62	$138,395,019.36
Operating Expenses:			
Maintenance of Way and Structures	1,468.50	18,268,830.71	18,270,299.21
Maintenance of Equipment	401.63	23,758,293.77	23,758,695.40
Traffic	—	2,339,463.63	2,339,463.63
Transportation	4,607.02	45,208,438.12	45,213,045.14
Miscellaneous	—	1,277,419.13	1,277,419.13
General	—	3,482,879.40	3,482,879.40
Total Operating Expenses	$ 6,477.15	$ 94,335,324.76	$ 94,341,801.91
NET REVENUE FROM RAILWAY OPERATIONS	Def. $ 24,021.41	$ 44,077,238.86	$ 44,053,217.45
Railway Tax Accruals	Cr. 191,014.49	17,330,632.61	17,139,618.12*
RAILWAY OPERATING INCOME	$ 166,993.08	$ 26,746,606.25	$ 26,913,599.33
Rent Income:			
Rent from Locomotives	—	109,441.55	109,441.55
Rent from Passenger-train Cars	—	467,223.53	467,223.53
Rent from Work Equipment	—	8,318.99	8,318.99
Joint Facility Rent Income	—	383,242.97	383,242.97
Total Rent Income	—	968,227.04	968,227.04
Rents Payable:			
Hire of Freight Cars—Debit Balance	—	2,117,856.00	2,117,856.00
Rent for Locomotives	—	51,760.31	51,760.31
Rent for Passenger-train Cars	—	195,431.53	195,431.53
Rent for Work Equipment	—	384.08	384.08
Joint Facility Rents	Cr. 194.48	576,589.65	576,395.17
Total Rents Payable	Cr. 194.48	2,942,021.57	2,941,827.09
NET RENTS	Cr. $ 194.48	$ 1,973,794.53	$ 1,973,600.05
NET OPERATING INCOME	$ 167,187.56	$ 24,772,811.72	$ 24,939,999.28
II. OTHER INCOME			
Income from Lease of Road and Equipment	—	1,557.25	1,557.25
Miscellaneous Rent Income	—	565,491.07	565,491.07
Miscellaneous Nonoperating Physical Property	—	300,810.74	300,810.74
Dividend Income	—	514,556.00	514,556.00
Income from Funded Securities	—	138,389.57	138,389.57
Income from Unfunded Securities and Accounts	82,417.26	35,940.13	118,357.39
Release of Premiums on Funded Debt	8,870.35	4,801.99	13,672.34
Miscellaneous Income	—	1,163.00	1,163.00
Total Other Income	$ 91,287.61	$ 1,562,709.75	$ 1,653,997.36
Total Income	$ 258,475.17	$ 26,335,521.47	$ 26,593,996.64
III. MISCELLANEOUS DEDUCTIONS FROM INCOME			
Miscellaneous Rents	—	16,734.64	16,734.64
Miscellaneous Tax Accruals	—	140,653.10	140,653.10
Miscellaneous Income Charges	10,437.58	21,176.93	31,614.51
Total Miscellaneous Deductions	$ 10,437.58	$ 178,564.67	$ 189,002.25
INCOME AVAILABLE FOR FIXED CHARGES	$ 248,037.59	$ 26,156,956.80	$ 26,404,994.39
IV. FIXED CHARGES			
Rent for Leased Roads and Equipment	—	663.48	663.48
Interest on Funded Debt	15,902,374.72	465,835.40	16,368,210.12
Interest on Unfunded Debt	1,619.97	70,261.42	71,881.39
Total Fixed Charges	$15,903,994.69	$ 536,760.30	$ 16,440,754.99
NET INCOME	Def. $15,655,957.10	$ 25,620,196.50	$ 9,964,239.40

*Includes accruals for
Federal Income Tax — $9,337,321.90

CORRECT:
(Signed) C. H. WESTBROOK
Comptroller.

February 19, 1943.

UNITED STATES OF AMERICA,
NORTHERN DISTRICT OF ILLINOIS, } ss.
EASTERN DIVISION.

C. H. Westbrook, first upon oath being duly sworn, says that he is the chief accounting officer, to-wit, Comptroller of Chicago and North Western Railway Company, Debtor herein; that the attached and foregoing income account statement showing revenues and expenses for the year ended December 31, 1942, is true and correct as shown by the books and accounts of said Debtor.

C. H. WESTBROOK.

Subscribed and sworn to before me this 19th day of February, 1943.

P. J. SESTERHENN,
Notary Public.

My Commission Expires May 6, 1946.

UNITED STATES OF AMERICA,
NORTHERN DISTRICT OF ILLINOIS. } ss.

I, Roy H. Johnson, Clerk of the United States District Court in and for the Northern District of Illinois, do hereby certify that the annexed and foregoing is a true and full copy of the original Income Account Statement showing Revenues and Expenses for the Year Ended December 31, 1942, filed February 20th, 1943 In the Matter of

Chicago and North Western
Railway Company,
Debtor—No. 60448.

now remaining among the records of the said Court in my office.

In Testimony Whereof, I have hereunto subscribed my name and affixed the seal of the aforesaid Court at Chicago this 20th day of February, A. D. 1943.

ROY H. JOHNSON,
Clerk.

(Seal)

By ARTHUR E. CLAUSSEN,
Deputy Clerk.